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February 20, 1996

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

Honorable Reed E. Hundt
Chairman
Federal Communications Commission
Washington, DC 20554

Re: MM Docket No. 95-90

Dear Chairman Hundt:

I am writing on behalf of Chris-Craft Industries, Inc. ("CCI") to urge prompt action for partial modification of the network sales representation rule.

As described more fully in its Comments (filed August 28, 1995) and Reply Comments (filed September 27, 1995) in the referenced proceeding, CCI owns the relatively new United Paramount Network ("UPN"). UPN currently offers four hours of prime time programming per week -- Monday and Tuesday evenings from 8 to 10 p.m. (ET/PT) -- and is scheduled to add an additional two hours on Wednesday evenings commencing March 6. In addition, UPN broadcasts an hour of children's programming on Sunday mornings from 10 to 11 a.m. (ET/PT) and a weekend movie Saturday afternoon from 12 to 2 p.m. (ET/PT).

CCI recently established, through a subsidiary, a new national sales representation firm -- United Television Sales ("UT Sales") -- which has begun serving as the national sales representative for each of CCI's eight owned and operated television stations, six of which are affiliated with UPN. Several other UPN affiliates which are not owned by CCI have expressed interest in having UT Sales serve as their national sales representative as well, but UT Sales is currently prohibited from doing so by the existing network sales representative rule (Section 73.658(i)).

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CCI proposed in its Comments and Reply Comments that, regardless of what, if any, action the Commission might take with respect to modification or elimination of the current network sales representative rule, the Commission should eliminate the applicability of the rule to new networks. While several commenters argued in the proceeding that the Commission should not repeal the rule, no commenter or reply commenter opposed CCI's proposal, which was supported by the Media Access Project (a commenter that had otherwise supported retention of the rule.)

CCI understands that the Commission may be inclined to defer a determination of whether to repeal the rule until it is ready to conclude MM Docket 95-92, which addresses the rules governing programming practices of the networks and their affiliates. CCI further understands that the conclusion of that rulemaking proceeding is unlikely to occur until the third quarter of 1996, and may be delayed further by other rulemaking proceedings that must be conducted under the Telecommunications Act of 1996. Such delay would substantially interfere with the ability of UT Sales to expand its operations and to increase competition in the national sales representation business, which recently became even more concentrated as a result of Petry's acquisition of Blair and Cox's acquisition of MMT.

The best way to assure competitive network rates is to increase competition in the sale of network time. And that goal is better accomplished by promoting the development of new networks to compete with the established networks than by applying the existing rule to new networks. New networks and their affiliates, when deemed in their mutual best interest, should be permitted to benefit from the efficiencies of representation by the network. Such an arrangement could benefit a new network both directly, by providing an additional source of revenue, and indirectly, by strengthening its affiliates. And a competitively stronger new network will increase competition among all broadcast networks.

New networks such as UPN face enough hurdles in attempting to compete with the four established networks. No further delay is warranted in eliminating the unnecessary regulatory obstacle of the network sales representation rule. The comment and reply periods in the referenced rulemaking proceeding are complete, and the existing record fully supports CCI's unopposed proposal for partial modification of Section 73.658(i) of the rules. The Commission has full authority under the Administrative Procedure Act and its Notice of Proposed Rule Making to issue immediately a report and order modifying the rule as requested, without the need for further comments, while keeping the docket open to permit a later determination of whether the rest of the rule should be retained or repealed. CCI therefore urges the Commission to take such action promptly, and to amend Section 73.658(i) to provide that it shall not apply to new networks, which should be

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defined as those covering less than 85 percent of television homes nationally through primary broadcast affiliates, or providing less than 15 hours of prime time programming per week,.

Respectfully submitted,

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By 

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bcc: Roy Stewart
Maureen O'Connell